

ORDINANCE NO. 744

AN ORDINANCE of the City Council of the City of Lakewood, Washington, making a declaration of substantial need for purposes of setting the limit factor for the property tax levy for 2021.

WHEREAS, RCW 84.55.010 provides that a taxing jurisdiction may levy taxes in an amount no more than the limit factor multiplied by the highest lawful levy plus additional amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property;

WHEREAS, under RCW 84.55.005(2)(C), the limit factor for a taxing jurisdiction with a population of 10,000 or over is the lesser of 101 percent or 100 percent plus inflation;

WHEREAS, RCW 84.55.005(1) defines “inflation” as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce in September of the year before the taxes are payable;

WHEREAS, “inflation” for July 2020 is 0.60152% percent and the limit factor is 1% percent, meaning that the taxes levied in the City of Lakewood in 2020 for collection in 2021 will be less than the increase authorized by state law, except for the amount resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property;

WHEREAS, RCW 84.55.0101 provides for use of a limit factor of 101 percent or less with a finding of substantial need by a majority plus one councilmembers;

WHEREAS, the economic downturn was not caused by the economic problems or financial management but rather the result of the global COVID-19 pandemic. The City ended fiscal year 2019 in a healthy financial position with General Fund unreserved ending fund balance at \$4.7 million. This is due to the City Council’s adopted financial policies that include strong policies on reserve levels for the City’s operating funds along with conservative revenue estimates and department expenditure savings. The financial policies ensure that by the end of 2021 and 2022, General Fund reserves shall be at least 12% of General and Street O&M operating revenues. The 2021/2022 proposed biennial budget meets the City’s 12% policy objective. However, the City had to temporarily suspend certain aspects of the financial policies in terms of ongoing revenues supporting ongoing expenditures (used 2019 unreserved ending fund balance) and deferred the collection of replacement reserves for fleet and equipment for both 2021 and 2022 and information technology and property management in 2021. The collection of replacement reserves will be re-evaluated as part of the mid-biennial review that will begin as early as April 2021 and reinstated if funds are available. Additionally, the City has the following collective bargaining agreements that are either in negotiations or are set to expire: AFSCME (American Federal, State, County, and Municipal Employees) and Teamsters (current contracts expire 12/31/2021); and LPIG (Lakewood Police Independent Guild (current contract expires 12/31/2020). The financial impact will not be

known until the agreements are in place. Labor costs have and are expected to continue to increase above 1%. Annual step increases range from 2% to 6.1% on top of cost of living adjustments (COLA) depending on the labor group.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON DO ORDAIN as follows:

SECTION 1. A finding is made of substantial need under RCW 84.55.0101, which authorizes the use of a limit factor of 101 percent for the property tax levy for 2021.

SECTION 2. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

SECTION 3. Corrections. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance number, section/subsection numbers and any references thereto.

SECTION 4. Effective Date. That this Ordinance shall be in full force and effect five (5) days after publication of the Ordinance as required by law.

ADOPTED by the City Council this 16th day of November, 2020.

CITY OF LAKEWOOD



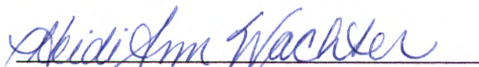
Don Anderson, Mayor

Attest:



Briana Schumacher, City Clerk

Approved as to Form:



Heidi Ann Wachter, City Attorney